

MFL MARMAC COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2022

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2022

Officials		<u>Page</u> 1
Independent Auditor's Report		2-5
Management's Discussion and Analysis		6-15
Basic Financial Statements	<u>Exhibit</u>	
Government-wide Financial Statements		
Statement of Net Position	A	17-18
Statement of Activities	B	19-20
Governmental Fund Financial Statements		
Balance Sheet	C	21
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	22
Statement of Revenues, Expenditures and Changes in Fund Balances	E	23-24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	25
Proprietary Fund Financial Statements		
Statement of Net Position	G	26
Statement of Revenues, Expenses and Changes in Fund Net Position	H	27-28
Statement of Cash Flows	I	29
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	J	30
Statement of Changes in Fiduciary Net Position	K	31
Notes to Financial Statements		32-51
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds		53
Notes to Required Supplementary Information - Budgetary Reporting		54
Schedule of the District's Proportionate Share of the Net Pension Liability		55
Schedule of District Contributions		56
Notes to Required Supplementary Information - Pension Liability		57
Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes		58

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Table of Contents
June 30, 2022

Supplementary Information	<u>Schedule</u>	<u>Page</u>
Nonmajor Governmental Funds		
Combining Balance Sheet	1	60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	61
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	62-63
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	64
Schedule of Expenditures of Federal Awards	5	65-66
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		67-68
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal and on Internal Control over Compliance Required by the Uniform Guidance		69-71
Schedule of Findings and Questioned Costs		72-78
Audit Staff		79

MFL MARMAC COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2022

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Gina Roys	President	2025
Roberta Hass	Vice President	2023
Tonya Meyer	Board Member	2023
Aaron Schroeder	Board Member	2023
Collin Stubbs	Board Member	2023
Jonathon Moser	Board Member	2025
Joshua Grau	Board Member	2025

School Officials

Dr. Dale Crozier	Superintendent	2022
Karla Hanson	District Secretary/Treasurer	2022
Brett Nitzche	Attorney	2022
Greg Schiller	Attorney	2022

Kay L. Chapman, CPA PC

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Muscatine, Iowa 52761
563-264-1385
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Independent Auditor's Report

To the Board of Education of MFL MarMac Community School District:

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of MFL MarMac Community School District, Monona, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the MFL MarMac Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of MFL MarMac Community School District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of a Matter

As discussed in Note 15 to the financial statements, MFL MarMac Community School District adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MFL MarMac Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MFL MarMac Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MFL MarMac Community School District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 6 through 15 and 53 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MFL MarMac Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2015 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report, who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information in Schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 12, 2023 on my consideration of MFL MarMac Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering MFL MarMac Community School District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Kay Chapman". The signature is written in a cursive, flowing style.

Kay L. Chapman, CPA PC
February 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MFL MarMac Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2022 FINANCIAL HIGHLIGHTS

The District implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The District had no leases as defined by GASBS No. 87 at July 1, 2021; therefore the implementation of this standard had no effect on the beginning net position for governmental activities.

General Fund revenues increased from \$10,212,867 in fiscal year 2021 to \$11,256,825 in fiscal year 2022, and General Fund expenditures increased from \$9,855,087 in fiscal year 2021 to \$10,278,309 in fiscal year 2022. The District's General Fund balance increased from \$2,159,600 in fiscal year 2021 to \$3,158,315 in fiscal year 2022.

The District's Solvency Ratio in the General Fund has been increasing and will continue to increase. This is considering the undesignated fund balance in comparison to actual expenditures. Total solvency that includes designated fund balances brings it to +20. This is in the high end for the desired range for General Fund Solvency, and slightly high for overall solvency. The majority of this increase is in preparation for possible future declining enrollment.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of MFL MarMac Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report MFL MarMac Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which MFL MarMac Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and preschool programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds; the School Nutrition Fund and Preschool Fund. The District also has one Internal Service Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Custodial Fund.

Custodial Funds - These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2022 compared to June 30, 2021.

Figure A-1

Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	Restated				Restated		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Current and other assets	\$ 13,170,290	\$ 12,417,971	\$ 521,210	\$ 365,336	\$ 13,691,500	\$ 12,783,307	7.10%
Capital assets	<u>6,651,617</u>	<u>5,950,644</u>	<u>36,657</u>	<u>38,825</u>	<u>6,688,274</u>	<u>5,989,469</u>	11.67%
Total assets	<u>19,821,907</u>	<u>18,368,615</u>	<u>557,867</u>	<u>404,161</u>	<u>20,379,774</u>	<u>18,772,776</u>	8.56%
Deferred outflows of resources	<u>713,148</u>	<u>1,057,366</u>	<u>13,961</u>	<u>46,283</u>	<u>727,109</u>	<u>1,103,649</u>	-34.12%
Long-term liabilities	2,528,341	7,412,599	7,807	143,521	2,536,148	7,556,120	-64.44%
Other liabilities	<u>1,194,726</u>	<u>1,154,187</u>	<u>2,284</u>	<u>4,364</u>	<u>1,197,010</u>	<u>1,158,551</u>	3.32%
Total liabilities	<u>3,723,067</u>	<u>8,566,786</u>	<u>10,091</u>	<u>147,885</u>	<u>3,733,158</u>	<u>8,714,671</u>	-57.16%
Deferred inflows of resources	<u>8,009,241</u>	<u>4,293,522</u>	<u>74,024</u>	<u>106,374</u>	<u>8,083,265</u>	<u>4,399,896</u>	83.71%
Net position							
Net investment in capital assets	4,631,333	3,967,106	36,657	38,825	4,667,990	4,005,931	16.53%
Restricted	4,514,120	4,869,828	-	-	4,514,120	4,869,828	-7.30%
Unrestricted	<u>(342,706)</u>	<u>(2,271,261)</u>	<u>451,056</u>	<u>157,360</u>	<u>108,350</u>	<u>(2,113,901)</u>	105.13%
Total net position	<u>\$ 8,802,747</u>	<u>\$ 6,565,673</u>	<u>\$ 487,713</u>	<u>\$ 196,185</u>	<u>\$ 9,290,460</u>	<u>\$ 6,761,858</u>	37.40%

The District's total net position increased by 37%, or \$2,528,602 over the prior year.

The second largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$355,708 or 7% from the prior year. The District has deliberately increased the Management Fund in anticipation of early retirements and increased liability. The District is in the process of completing an elementary construction project. After its completion the District will consider paying down the auditorium debt, or paying it off completely in anticipation of a future bond issue-referendum.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$2,222,251, or 105%. This increase in unrestricted net position was primarily a result of the increase in the General Fund balance.

Figure A-2 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

Figure A-2

	Change in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Revenues							
Program revenues							
Charges for service and sales	\$ 958,407	\$ 847,115	\$ 96,384	\$ 105,387	\$ 1,054,791	\$ 952,502	10.74%
Operating grants	2,762,256	2,184,071	662,133	667,040	3,424,389	2,851,111	20.11%
General revenues							
Property tax	4,290,593	4,321,667	-	-	4,290,593	4,321,667	-0.72%
Income surtax	402,113	426,580	-	-	402,113	426,580	-5.74%
Statewide sales, services and use tax	946,118	774,906	-	-	946,118	774,906	22.09%
Unrestricted state grants	4,246,075	3,987,859	-	-	4,246,075	3,987,859	6.48%
Unrestricted investment earnings	18,557	30,651	193	102	18,750	30,753	-39.03%
Other	<u>112,464</u>	<u>47,139</u>	<u>-</u>	<u>-</u>	<u>112,464</u>	<u>47,139</u>	138.58%
Total revenues	<u>13,736,583</u>	<u>12,619,988</u>	<u>758,710</u>	<u>772,529</u>	<u>14,495,293</u>	<u>13,392,517</u>	8.23%
Program expenses							
Governmental activities							
Instruction	7,071,642	7,325,196	-	-	7,071,642	7,325,196	-3.46%
Support services	3,297,808	3,454,846	-	-	3,297,808	3,454,846	-4.55%
Non-instructional programs	-	-	467,182	581,836	467,182	581,836	-19.71%
Other expenses	<u>1,143,113</u>	<u>994,051</u>	<u>-</u>	<u>-</u>	<u>1,143,113</u>	<u>994,051</u>	15.00%
Total expenses	<u>11,512,563</u>	<u>11,774,093</u>	<u>467,182</u>	<u>581,836</u>	<u>11,979,745</u>	<u>12,355,929</u>	-3.04%

Excess before special item	2,224,020	845,895	291,528	190,693	2,515,548	1,036,588	142.68%
Special item-gain on disposal of capital assets	<u>13,054</u>	<u>73,111</u>	<u>-</u>	<u>-</u>	<u>13,054</u>	<u>73,111</u>	-82.14%
Change in net position	2,237,074	919,006	291,528	190,693	2,528,602	1,109,699	127.86%
Net position, beginning of year	<u>6,565,673</u>	<u>5,646,667</u>	<u>196,185</u>	<u>5,492</u>	<u>6,761,858</u>	<u>5,652,159</u>	19.63%
Net position, end of year	<u>\$ 8,802,747</u>	<u>\$ 6,565,673</u>	<u>\$ 487,713</u>	<u>\$ 196,185</u>	<u>\$ 9,290,460</u>	<u>\$ 6,761,858</u>	37.40%

In fiscal year 2022, property tax and unrestricted state grants account for approximately 62% of governmental activities revenues while charges for service and operating grants, accounted for almost 100% of business type activities revenues. The District's total revenues were \$14,495,293, of which \$13,736,583 was for governmental activities and \$758,710 was for business type activities. The District's expenses primarily relate to instruction and support services, which account for approximately 87% of the total expenses.

As shown in Figure A-2, the District as a whole experienced an 8% increase in revenues and a 3% decrease in expenses. The increase in expenses is primarily related to increased salary and benefits to include health insurance, as well as unusually large inflation for general products.

Governmental Activities

Revenues for governmental activities were \$13,736,583 and expenses were \$11,512,563 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

Figure A-3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
			Change			Change
	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Instruction	\$ 7,071,642	\$ 7,325,196	-3.5%	\$ 4,031,923	\$ 4,884,029	-17.4%
Support services	3,297,808	3,454,846	-4.5%	2,996,695	3,223,466	-7.0%
Other expenses	<u>1,143,113</u>	<u>994,051</u>	15.0%	<u>763,282</u>	<u>635,412</u>	20.1%
Total expenses	<u>\$ 11,512,563</u>	<u>\$ 11,774,093</u>	-2.2%	<u>\$ 7,791,900</u>	<u>\$ 8,742,907</u>	-10.9%

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$958,407.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,762,256.
- The net cost of governmental activities was financed with \$5,638,824 of property and other taxes and \$4,246,075 of unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2022 were \$758,710, representing a decrease of approximately 2% from the prior year, while expenses totaled \$467,182, a 20% decrease from the prior year. The District's business type activities include the School Nutrition Fund and Preschool Fund. Revenues of these activities were comprised of state and federal reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, MFL MarMac Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balances of \$7,347,407, significantly above last year's ending fund balances of \$6,653,237. The primary reason for the increase in combined fund balances at the end of fiscal year 2022 is a deliberate increase of cash that the District carries and an attempt to increase solvency slightly, which the District has done. General Fund expenditures have increased over the recent years. This is also in light of the need to consider the negotiated agreement and increases in salary and cost of living/inflation and other changes due to COVID-19.

Governmental Fund Highlights

The District's improving General Fund financial position is the result of many factors. The main reasons include a deliberate increase of cash that the District carries and an attempt to increase solvency. Also, a deliberate attempt to curtail spending at all levels, where possible. This is also considering the negotiated agreement and increases in salary and cost of living.

The General Fund balance increased from \$2,159,600 to \$3,158,315, due in part to a gradual effort to increase solvency. Solvency is a ratio of undesignated fund balances in the General Fund over actual revenue minus AEA flowthrough.

The Management Levy Fund account balance increased from \$1,586,550 at June 30, 2021 to \$1,944,948 at June 30, 2022 due to anticipation of future early retirements as a method to increase spending authority in the General Fund.

The Capital Projects, Statewide Sales, Services and Use Tax Fund includes revenues from the statewide sales, services and use tax which are used for future capital improvements and equipment purchases. The Statewide Sales Tax account balance decreased from \$1,716,863 at June 30, 2021 to \$948,658 at June 30, 2022 due to a construction projects in the elementary.

The Physical Plant and Equipment Levy account balance increased from \$782,560 at June 30, 2021 to \$860,433 at June 30, 2022, as the District is preparing for additional capital improvements and maintenance expenditures in the future.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$205,337 at June 30, 2021 to \$474,933 at June 30, 2022, a significant increase due to changes in reimbursement in light of the state and federal lunch program that provided free lunches to all students. The District reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position. The District has continued to utilize the food cooperative offered by AEA 1.

BUDGETARY HIGHLIGHTS

The District amended its budget one time by \$1,925,000 during the year ended June 30, 2022 to reflect additional expenditures associated with COVID-19 and additional revenue in the lunch program.

The District's total revenues were \$1,451,503 more than total budgeted revenues, a variance of 11%. Even though local tax revenues and charges for services increased, state and federal sources also increased at a greater rate than expenses.

Total expenditures were \$1,217,880 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested \$6,688,274, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents an increase of 12% over the prior year. (See Figure A-4) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$516,934.

The original cost of the District's capital assets was \$14,401,017. Governmental funds account for \$14,240,125, with the remainder of \$160,892 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category which increased from \$0 at June 30, 2021 to \$661,900 at June 30, 2022. This was due to new construction that is in process.

Figure A-4

Capital Assets, Net of Depreciation							
	Governmental		Business-Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	<u>2022</u>	<u>2021</u> <u>(Restated)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u> <u>(Restated)</u>	<u>2021-2022</u>
Land	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 10,000	0.00%
Construction in progress	661,900	-	-	-	661,900	-	100.00%
Buildings and improvements	4,298,997	4,411,653	-	-	4,298,997	4,411,653	-2.55%
Improvements, other than buildings	384,796	423,065	-	-	384,796	423,065	-9.05%
Furniture and equipment	<u>1,295,924</u>	<u>1,105,926</u>	<u>36,657</u>	<u>38,825</u>	<u>1,332,581</u>	<u>1,144,751</u>	16.41%
Totals	<u>\$6,651,617</u>	<u>\$5,950,644</u>	<u>\$36,657</u>	<u>\$38,825</u>	<u>\$6,688,274</u>	<u>\$5,989,469</u>	11.67%

Long-Term Debt

At June 30, 2022, the District had \$2,535,173 of total long-term debt outstanding. This represents a decrease of approximately 66% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$15.9 million.

Figure A-5

Outstanding Long-term Obligations			
	Total	Total	
	District	Change	
	June 30,	June 30,	
	<u>2022</u>	<u>2021</u> <u>(Restated)</u>	<u>2021-2022</u>
<u>Governmental Activities</u>			
Revenue bonds	\$ 1,630,000	\$ 1,790,000	-8.94%
Equipment purchase agreements	390,284	193,538	101.66%
Termination benefits	108,251	168,251	-35.66%
Net pension liability	98,608	4,965,136	-98.01%
Total OPEB liability	<u>300,223</u>	<u>294,537</u>	1.93%
	<u>2,527,366</u>	<u>7,411,462</u>	-65.90%
<u>Business Type Activities</u>			
Net pension liability	1,930	135,567	-98.58%
Total OPEB liability	<u>5,877</u>	<u>7,954</u>	-26.11%
	<u>7,807</u>	<u>143,521</u>	-94.56%
Total	<u>\$ 2,535,173</u>	<u>\$ 7,554,983</u>	-66.44%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

School financing is highly dependent upon student enrollment. The District's September 2022 enrollment was very steady as compared to 2021; however, it has decreased over 25% since 2001. Although things look good for the next few years, and the District must be mindful of possible future enrollment decline. Any additional enrollment decline will cause the District to lose extensive additional funding. The District must continue to prepare for this decline.

The District has evaluated the condition of its transportation vehicles and determined, due to safety precautions, that buses must be purchased or leased regularly.

The District's infrastructure needs are repaired and sound. This should help the economy of the District. The District used the sale of SILO sales tax revenue bonds to engage in an overall school and grounds improvement project. The aim of this project is to create long-term economic impact, and future stability for the District and its educational opportunity. The District realizes the age of its facilities, and it realizes that it must continue to fund projects with SAVE sales tax and with the Physical Plant and Equipment Levy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Dale R. Crozier, Superintendent, MFL MarMac Community Schools; 700 South Page, PO Bx 1040, Monona, Iowa, 52159. 563-539-4795.

Basic Financial Statements

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 8,100,612	\$ 516,516	\$8,617,128
Receivables			
Property tax			
Delinquent	53,495	-	53,495
Succeeding year	4,227,845	-	4,227,845
Accounts receivable	289,911	2,242	292,153
Income surtax	409,730	-	409,730
Due from other governments	76,784	-	76,784
Unamortized bond issue costs	11,913	-	11,913
Inventories	-	2,452	2,452
Non-depreciable capital assets	671,900	-	671,900
Capital assets, net of accumulated depreciation	5,979,717	36,657	6,016,374
Total assets	<u>19,821,907</u>	<u>557,867</u>	<u>20,379,774</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>713,148</u>	<u>13,961</u>	<u>727,109</u>
Liabilities			
Accounts payable	296,639	-	296,639
Salaries and benefits payable	874,940	-	874,940
Accrued interest payable	23,147	-	23,147
Unearned revenue	-	2,284	2,284
Long-term liabilities			
Unamortized bond premium	975	-	975
Portion due within one year			
Revenue bonds payable	165,000	-	165,000
Equipment purchase agreements	118,422	-	118,422
Termination benefits payable	60,000	-	60,000
Total OPEB liability	4,976	-	4,976
Portion due after one year			
Revenue bonds payable	1,465,000	-	1,465,000
Equipment purchase agreements	271,862	-	271,862
Termination benefits payable	48,251	-	48,251
Net pension liability	98,608	1,930	100,538
Total OPEB liability	295,247	5,877	301,124
Total liabilities	<u>3,723,067</u>	<u>10,091</u>	<u>3,733,158</u>

See notes to Financial Statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

Exhibit A

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 4,227,845	\$ -	\$4,227,845
Pension related deferred inflows	3,781,396	74,024	3,855,420
Total deferred inflows of resources	<u>8,009,241</u>	<u>74,024</u>	<u>8,083,265</u>
Net Position			
Net investment in capital assets	4,631,333	36,657	4,667,990
Restricted for			
Categorical funding	281,596	-	281,596
Management levy purposes	1,836,697	-	1,836,697
Physical plant and equipment	1,024,325	-	1,024,325
Debt service	175,852	-	175,852
Student activities	246,992	-	246,992
School infrastructure	948,658	-	948,658
Unrestricted	<u>(342,706)</u>	451,056	108,350
Total net position	<u>\$ 8,802,747</u>	<u>\$ 487,713</u>	<u>\$9,290,460</u>

See notes to Financial Statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Governmental activities							
Instruction							
Regular instruction	\$ 4,108,327	\$ 473,733	\$ 1,974,277	\$ -	\$ (1,660,317)	\$ -	\$ (1,660,317)
Special instruction	1,379,475	47,496	150,284	-	(1,181,695)	-	(1,181,695)
Other instruction	1,583,840	376,117	17,812	-	(1,189,911)	-	(1,189,911)
	<u>7,071,642</u>	<u>897,346</u>	<u>2,142,373</u>	<u>-</u>	<u>(4,031,923)</u>	<u>-</u>	<u>(4,031,923)</u>
Support services							
Student	114,008	-	-	-	(114,008)	-	(114,008)
Instructional staff	123,131	-	-	-	(123,131)	-	(123,131)
Administration	1,524,363	59,761	-	-	(1,464,602)	-	(1,464,602)
Operation and maintenance of plant	932,901	1,300	-	-	(931,601)	-	(931,601)
Transportation	603,405	-	240,052	-	(363,353)	-	(363,353)
	<u>3,297,808</u>	<u>61,061</u>	<u>240,052</u>	<u>-</u>	<u>(2,996,695)</u>	<u>-</u>	<u>(2,996,695)</u>
Other expenses							
Facilities acquisition	459,531	-	-	-	(459,531)	-	(459,531)
Long-term debt interest and administration costs	55,737	-	-	-	(55,737)	-	(55,737)
AEA flowthrough	379,831	-	379,831	-	-	-	-
Depreciation (unallocated) *	248,014	-	-	-	(248,014)	-	(248,014)
	<u>1,143,113</u>	<u>-</u>	<u>379,831</u>	<u>-</u>	<u>(763,282)</u>	<u>-</u>	<u>(763,282)</u>
Total governmental activities	<u>11,512,563</u>	<u>958,407</u>	<u>2,762,256</u>	<u>-</u>	<u>(7,791,900)</u>	<u>-</u>	<u>(7,791,900)</u>

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

Exhibit B

Functions/Programs (continued)

Business type activities
Non-instructional programs
 Food service operations
 Preschool program
Total business type activities
Total

Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
	\$ 457,364	\$ 64,634	\$ 662,133	\$ -	\$ -	\$ 269,403
	9,818	31,750	-	-	-	21,932
	<u>467,182</u>	<u>96,384</u>	<u>662,133</u>	<u>-</u>	<u>-</u>	<u>291,335</u>
	<u>\$ 11,979,745</u>	<u>\$ 1,054,791</u>	<u>\$ 3,424,389</u>	<u>\$ -</u>	<u>(7,791,900)</u>	<u>291,335</u>
						<u>(7,500,565)</u>

General Revenues

Property tax levied for
General purposes
Capital outlay
Income surtax
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other
Special item - gain on sale of assets
Total general revenues and special item
Change in net position
Net position beginning of year
Net position end of year

	3,925,033	-	-	3,925,033
	365,560	-	-	365,560
	402,113	-	-	402,113
	946,118	-	-	946,118
	4,246,075	-	-	4,246,075
	18,557	193	-	18,750
	112,464	-	-	112,464
	13,054	-	-	13,054
	<u>10,028,974</u>	<u>193</u>	<u>-</u>	<u>10,029,167</u>
	2,237,074	291,528	-	2,528,602
	6,565,673	196,185	-	6,761,858
	<u>\$ 8,802,747</u>	<u>\$ 487,713</u>	<u>-</u>	<u>\$ 9,290,460</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit C

		Special	Capital Projects			
		Revenue	Statewide	Physical	Nonmajor	
	General	Management	Sales, Services	Plant and	Governmental	Total
		Levy	and Use Tax	Equipment	Funds	
				Levy		
Assets						
Cash, cash equivalents and pooled investments	\$3,792,268	\$1,935,144	\$ 1,037,260	\$ 894,075	\$436,668	\$ 8,095,415
Receivables						
Property tax						
Delinquent	41,805	7,359	-	4,331	-	53,495
Succeeding year	2,993,924	860,861	-	373,060	-	4,227,845
Accounts receivable	285,465	2,445	750	-	1,031	289,691
Income surtax	245,838	-	-	163,892	-	409,730
Due from other governments	9,685	-	67,099	-	-	76,784
Due from other funds	-	-	45,283	-	-	45,283
Total assets	<u>\$7,368,985</u>	<u>\$2,805,809</u>	<u>\$ 1,150,392</u>	<u>\$1,435,358</u>	<u>\$437,699</u>	<u>\$13,198,243</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 64,335	\$ -	\$ 201,734	\$ 24,323	\$ 2,646	\$ 293,038
Salaries and benefits payable	874,940	-	-	-	-	874,940
Due to other fund	31,633	-	-	13,650	-	45,283
Total liabilities	<u>970,908</u>	<u>-</u>	<u>201,734</u>	<u>37,973</u>	<u>2,646</u>	<u>1,213,261</u>
Deferred inflows of resources						
Unavailable revenues						
Succeeding year property tax	2,993,924	860,861	-	373,060	-	4,227,845
Income surtax	245,838	-	-	163,892	-	409,730
Total deferred inflows of resources	<u>3,239,762</u>	<u>860,861</u>	<u>-</u>	<u>536,952</u>	<u>-</u>	<u>4,637,575</u>
Fund balances						
Restricted for:						
Categorical funding	281,596	-	-	-	-	281,596
Debt service	-	-	-	-	188,061	188,061
Management levy purposes	-	1,944,948	-	-	-	1,944,948
Student activities	-	-	-	-	246,992	246,992
School infrastructure	-	-	948,658	-	-	948,658
Physical plant and equipment	-	-	-	860,433	-	860,433
Unassigned	2,876,719	-	-	-	-	2,876,719
Total fund balances	<u>3,158,315</u>	<u>1,944,948</u>	<u>948,658</u>	<u>860,433</u>	<u>435,053</u>	<u>7,347,407</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$7,368,985</u>	<u>\$2,805,809</u>	<u>\$ 1,150,392</u>	<u>\$1,435,358</u>	<u>\$437,699</u>	<u>\$13,198,243</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2022

Exhibit D

Total fund balances of governmental funds	\$7,347,407
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,651,617
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	409,730
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(23,147)
Bond issue costs are reported as an asset in the Statement of Net Position and are amortized over the life of the bonds.	11,913
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	1,816
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	\$ 713,148
Deferred inflows of resources	<u>(3,781,396)</u> (3,068,248)
Unamortized bond discount on bond issuance is not available to pay current year expenditures and, therefore, are not reported as assets in the governmental funds.	(975)
Long-term liabilities, including equipment purchase agreements, bonds payable, termination benefits, other postemployment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(2,527,366)</u>
Net position of governmental activities	<u>\$8,802,747</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Exhibit E

	General	Special Revenue Management Levy	Capital Projects		Nonmajor Governmental Funds	Total
			Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy		
Revenues						
Local sources						
Local tax	\$3,587,491	\$ 586,848	\$ -	\$532,963	\$ -	\$4,707,302
Tuition	490,176	-	-	-	-	490,176
Other	143,774	41,453	755	8,483	379,480	573,945
State sources	5,977,582	323	946,118	185	-	6,924,208
Federal sources	1,057,802	-	-	-	-	1,057,802
Total revenues	<u>11,256,825</u>	<u>628,624</u>	<u>946,873</u>	<u>541,631</u>	<u>379,480</u>	<u>13,753,433</u>
Expenditures						
Current						
Instruction						
Regular	4,377,509	43,946	-	-	-	4,421,455
Special	1,504,257	-	-	-	-	1,504,257
Other	1,365,842	-	-	-	355,244	1,721,086
	<u>7,247,608</u>	<u>43,946</u>	<u>-</u>	<u>-</u>	<u>355,244</u>	<u>7,646,798</u>
Support services						
Student	120,432	-	-	-	-	120,432
Instructional staff	129,727	-	-	-	-	129,727
Administration	1,227,849	12,070	462,908	2,548	-	1,705,375
Operation and maintenance of plant	721,309	172,944	-	52,590	-	946,843
Transportation	451,553	41,266	99,914	-	-	592,733
	<u>2,650,870</u>	<u>226,280</u>	<u>562,822</u>	<u>55,138</u>	<u>-</u>	<u>3,495,110</u>
Other expenditures						
Facilities acquisition	-	-	933,429	410,320	-	1,343,749
Long-term debt						
Principal	-	-	-	-	160,000	160,000
Interest and fiscal charges	-	-	-	-	55,674	55,674
AEA flowthrough	379,831	-	-	-	-	379,831
	<u>379,831</u>	<u>-</u>	<u>933,429</u>	<u>410,320</u>	<u>215,674</u>	<u>1,939,254</u>
Total expenditures	<u>10,278,309</u>	<u>270,226</u>	<u>1,496,251</u>	<u>465,458</u>	<u>570,918</u>	<u>13,081,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>978,516</u>	<u>358,398</u>	<u>(549,378)</u>	<u>76,173</u>	<u>(191,438)</u>	<u>672,271</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Exhibit E

		Special	Capital Projects		Nonmajor	
	General	Revenue Management Levy	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Governmental Funds	Total
Other financing sources (uses)						
Proceeds from disposal of capital assets	\$ 20,199	\$ -	\$ -	\$ 1,700	\$ -	\$ 21,899
Transfers in	-	-	-	-	218,827	218,827
Transfers (out)	-	-	(218,827)	-	-	(218,827)
Total other financing sources (uses)	<u>20,199</u>	<u>-</u>	<u>(218,827)</u>	<u>1,700</u>	<u>218,827</u>	<u>21,899</u>
Change in fund balances	998,715	358,398	(768,205)	77,873	27,389	694,170
Fund balance, beginning of year	<u>2,159,600</u>	<u>1,586,550</u>	<u>1,716,863</u>	<u>782,560</u>	<u>407,664</u>	<u>6,653,237</u>
Fund balance, end of year	<u>\$3,158,315</u>	<u>\$1,944,948</u>	<u>\$ 948,658</u>	<u>\$860,433</u>	<u>\$ 435,053</u>	<u>\$7,347,407</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Exhibit F

Change in fund balances - total governmental funds \$ 694,170

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:

Expenditures for capital assets	\$1,218,734	
(Loss) on disposal of capital assets	(8,845)	
Depreciation expense	<u>(508,916)</u>	700,973

Because some revenues will not be collected for several months after the year end, they are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. (16,850)

Bond issue costs are reported as an expense in the governmental fund financial statements when incurred, but are capitalized and amortized over the life of the bonds in the government-wide financial statements. (1,823)

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 1,325

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	(313,670)	
Repaid	<u>276,924</u>	(36,746)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	60,000	
Pension expense	266,335	
Other postemployment benefits	<u>(5,686)</u>	320,649

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,760

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 573,616

Change in net position of governmental activities

\$2,237,074

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2022

Exhibit G

	Business Type Activity			Governmental
	Major	Nonmajor	Total	Activity
	Enterprise	Enterprise	Enterprise	Internal
	School	Preschool	Funds	Service
	Nutrition	Fund	Funds	Fund
	Fund	Fund	Total	Fund
Assets				
Current assets				
Cash, cash equivalents	\$ 504,691	\$ 11,825	\$516,516	\$ 5,197
Accounts receivable	1,287	955	2,242	220
Inventories	2,452	-	2,452	-
Total current assets	508,430	12,780	521,210	5,417
Noncurrent assets				
Capital assets, net of accumulated depreciation	36,657	-	36,657	-
Total assets	545,087	12,780	557,867	5,417
Deferred Outflows of Resources				
Pension related deferred outflows	13,961	-	13,961	-
Liabilities				
Current liabilities				
Accounts payable	-	-	-	3,601
Unearned revenue	2,284	-	2,284	-
Total current liabilities	2,284	-	2,284	3,601
Noncurrent liabilities				
Total OPEB liability	5,877	-	5,877	-
Net pension liability	1,930	-	1,930	-
Total noncurrent liabilities	7,807	-	7,807	-
Total liabilities	10,091	-	10,091	3,601
Deferred Inflows of Resources				
Pension related deferred inflows	74,024	-	74,024	-
Net Position				
Investment in capital assets	36,657	-	36,657	-
Unrestricted	438,276	12,780	451,056	1,816
Total net position	\$474,933	\$ 12,780	\$487,713	\$ 1,816

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit H

	Business Type Activity			Governmental Activity Internal Service Fund
	Major	Nonmajor	Total	
	Enterprise	Enterprise	Enterprise	
	School Nutrition Fund	Preschool Fund	Funds Total	
Operating revenue				
Local sources				
Charges for service	\$ 64,634	\$ 31,750	\$ 96,384	\$ -
Employee contributions	-	-	-	125,702
Total operating revenue	<u>64,634</u>	<u>31,750</u>	<u>96,384</u>	<u>125,702</u>
Operating expenses				
Instruction				
Regular				
Salaries	-	26,240	26,240	-
Benefits	-	(16,992)	(16,992)	-
Total instruction	<u>-</u>	<u>9,248</u>	<u>9,248</u>	<u>-</u>
Support services				
Administration				
Employee benefits	-	-	-	124,377
Operation and maintenance of plant				
Purchased services	<u>2,773</u>	<u>-</u>	<u>2,773</u>	<u>-</u>
Total support services	<u>2,773</u>	<u>-</u>	<u>2,773</u>	<u>124,377</u>
Non-instructional programs				
Food service operations				
Salaries	161,005	-	161,005	-
Benefits	(24,240)	-	(24,240)	-
Purchased services	966	-	966	-
Supplies	308,842	-	308,842	-
Depreciation	<u>8,018</u>	<u>-</u>	<u>8,018</u>	<u>-</u>
	<u>454,591</u>	<u>-</u>	<u>454,591</u>	<u>-</u>
Other enterprise				
Supplies	<u>-</u>	<u>570</u>	<u>570</u>	<u>-</u>
Total non-instructional programs	<u>454,591</u>	<u>570</u>	<u>455,161</u>	<u>-</u>
Total operating expenses	<u>457,364</u>	<u>9,818</u>	<u>467,182</u>	<u>124,377</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit H

	Business Type Activity			Governmental Activity
	Major Enterprise School Nutrition Fund	Nonmajor Enterprise Preschool Fund	Total Enterprise Funds Total	
Operating income (loss)	<u>\$(392,730)</u>	<u>\$ 21,932</u>	<u>\$(370,798)</u>	<u>\$ 1,325</u>
Non-operating revenue				
Interest income	193	-	193	-
State sources	3,526	-	3,526	-
Federal sources	<u>658,607</u>	<u>-</u>	<u>658,607</u>	<u>-</u>
Total non-operating revenue	<u>662,326</u>	<u>-</u>	<u>662,326</u>	<u>-</u>
Change in net position	269,596	21,932	291,528	1,325
Net position beginning of year	<u>205,337</u>	<u>(9,152)</u>	<u>196,185</u>	<u>491</u>
Net position end of year	<u><u>\$ 474,933</u></u>	<u><u>\$ 12,780</u></u>	<u><u>\$ 487,713</u></u>	<u><u>\$ 1,816</u></u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit I

	Business Type Activity			Governmental Activity
	Major Enterprise School Nutrition Fund	Nonmajor Enterprise Preschool Fund	Total Enterprise Funds Total	
Cash flows from operating activities				
Cash received from sale of services	\$ 62,561	\$ 32,385	\$ 94,946	\$ -
Cash received from other operations	-	-	-	125,482
Cash payments to employees for services	(247,540)	(35,509)	(283,049)	(122,837)
Cash payments to suppliers for goods and services	(255,493)	(570)	(256,063)	-
Net cash provided by (used by) operating activities	<u>(440,472)</u>	<u>(3,694)</u>	<u>(444,166)</u>	<u>2,645</u>
Cash flows from non-capital financing activities				
State grants received	3,526	-	3,526	-
Federal grants received	641,937	-	641,937	-
Net cash provided by non-capital financing activities	<u>645,463</u>	<u>-</u>	<u>645,463</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	<u>(5,850)</u>	<u>-</u>	<u>(5,850)</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	<u>193</u>	<u>-</u>	<u>193</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	199,334	(3,694)	195,640	2,645
Cash and cash equivalents, beginning of year	305,357	15,519	320,876	2,552
Cash and cash equivalents, end of year	<u>\$ 504,691</u>	<u>\$ 11,825</u>	<u>\$ 516,516</u>	<u>\$ 5,197</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities				
Operating income (loss)	\$(392,730)	\$ 21,932	\$(370,798)	\$ 1,325
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities				
Depreciation	8,018	-	8,018	-
Commodities used	57,118	-	57,118	-
Change in assets and liabilities:				
Accounts receivable	(1,287)	635	(652)	(220)
Inventory	(30)	-	(30)	-
Deferred outflows of resources	24,868	7,454	32,322	-
Accounts payable	-	(1,215)	(1,215)	1,540
Accrued salaries and benefits	(79)	-	(79)	-
Unearned revenue	(786)	-	(786)	-
OPEB liability	(2,077)	-	(2,077)	-
Net pension liability	(121,213)	(12,424)	(133,637)	-
Deferred inflows of resources	<u>(12,274)</u>	<u>(20,076)</u>	<u>(32,350)</u>	<u>-</u>
Net cash provided by (used by) operating activities	<u>\$(440,472)</u>	<u>\$ (3,694)</u>	<u>\$(444,166)</u>	<u>\$ 2,645</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2022, the District received \$57,118 of federal commodities.

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2022

Exhibit J

	<u>Custodial</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 340,972
Liabilities	
Other payables	<u>368</u>
Net position	
Restricted for other organization	<u><u>\$ 340,604</u></u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2022

Exhibit K

	<u>Custodial</u>
Additions	
Local sources	
Gifts and contributions	\$ 122,871
Tuition	498,322
Interest	<u>310</u>
Total additions	<u>621,503</u>
Deductions	
Childcare services	599,985
Administrative	<u>795</u>
Total deductions	<u>600,780</u>
Change in net position	20,723
Net position beginning of year	<u>319,881</u>
Net position end of year	<u>\$ 340,604</u>

See notes to financial statements.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies

MFL MarMac Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Monona, Farmersburg, Luana, Marquette and McGregor, Iowa, and the predominate agricultural territories in a portion of Clayton and Allamakee Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, MFL MarMac Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The MFL MarMac Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Levy Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Projects - Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The Capital Projects - Physical Plant and Equipment Levy Fund is used to account for all resources from the regular and voter-approved levy used for major expenditures related to real property and equipment.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

Additionally, the District reports an Internal Service Fund which is used to account for the flex-benefit plan for District employees.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund includes the following:

The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations, and other governments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	\$ 5,000
Improvements other than buildings	\$ 5,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 5,000

Land and construction in progress are not depreciated. The other tangible property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-25 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable - Payroll related expenditures corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances with either be reimbursed to the student or be used as meals are served to the student.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on the adopted board policy. The early retirement liability attributable to the governmental activities would be paid primarily by the General and Management Funds. This liability has been computed based on amounts established in the District's adopted board policy regarding early retirement benefits.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability and OPEB expense, information has been determined based on the MFL MarMac District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental and business-type activities will be paid primarily by the General Fund and the Enterprise, School Nutrition Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax and income surtax receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, and unrecognized items not yet charged to pension expense.

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classification.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$1,024,325 for physical plant and equipment, \$246,992 for student activities, \$948,658 for school infrastructure, and \$1,836,697 for management levy purposes.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Note 3. Due From and Due To Other Funds

Details of interfund receivables and payables at June 30, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Capital Projects	Major Governmental	
Statewide Sales, Services and Use Tax	General	\$ 31,633
Major Capital Projects	Major Capital Projects	
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	<u>13,650</u>
		<u>\$ 45,283</u>

The General Fund and the Physical Plant and Equipment Levy Fund owe the Statewide Sales, Services and Use Tax Fund for expenditures made from those funds from COVID-19 funding. These amounts will be repaid during the year ending June 30, 2023.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 are as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor governmental	Major capital project	
Debt Service	Statewide Sales, Services and Use Tax	\$218,827

These transfers move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund are to make principal and interest payments on long-term debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

<u>Governmental activities</u>	<u>Restated, Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in progress	<u>-</u>	<u>661,900</u>	<u>-</u>	<u>661,900</u>
Total capital assets, not being depreciated	<u>10,000</u>	<u>661,900</u>	<u>-</u>	<u>671,900</u>

Capital assets being depreciated:

Buildings and improvements	9,051,511	68,200	-	9,119,711
Improvements other than buildings	901,931	6,850	-	908,781
Furniture and equipment	<u>3,356,910</u>	<u>481,784</u>	<u>(298,961)</u>	<u>3,539,733</u>
Total capital assets being depreciated	<u>13,310,352</u>	<u>556,834</u>	<u>(298,961)</u>	<u>13,568,225</u>

Less accumulated depreciation for:

Buildings and improvements	4,639,858	180,856	-	4,820,714
Improvements other than buildings	478,866	45,119	-	523,985
Furniture and equipment	<u>2,250,984</u>	<u>282,941</u>	<u>(290,116)</u>	<u>2,243,809</u>
Total accumulated depreciation	<u>7,369,708</u>	<u>508,916</u>	<u>(290,116)</u>	<u>7,588,508</u>

Total capital assets being depreciated, net	<u>5,940,644</u>	<u>47,918</u>	<u>(8,845)</u>	<u>5,979,717</u>
Governmental activities capital assets, net	<u>\$ 5,950,644</u>	<u>\$ 709,818</u>	<u>\$ (8,845)</u>	<u>\$ 6,651,617</u>

Business type activities

Furniture and equipment	\$ 155,042	\$ 5,850	\$ -	\$ 160,892
Less accumulated depreciation	<u>116,217</u>	<u>8,018</u>	<u>-</u>	<u>124,235</u>
Business type activities capital assets, net	<u>\$ 38,825</u>	<u>\$ (2,168)</u>	<u>\$ -</u>	<u>\$ 36,657</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 114,967
Other	5,522
Support services	
Student support	4,029
Operation and maintenance of plant	19,479
Transportation	<u>116,905</u>
	260,902
Unallocated depreciation	<u>248,014</u>
Total governmental activities depreciation expense	<u>\$ 508,916</u>

Business type activities

Food services	<u>\$ 8,018</u>
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

	Balance, Beginning of Year as restated	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities					
Revenue bonds	\$ 1,790,000	\$ -	\$ 160,000	\$ 1,630,000	\$ 165,000
Equipment purchase agreement	193,538	313,670	116,924	390,284	118,422
Termination benefits	168,251	-	60,000	108,251	60,000
Net pension liability	4,965,136	-	4,866,528	98,608	-
Total OPEB liability	<u>294,537</u>	<u>5,686</u>	<u>-</u>	<u>300,223</u>	<u>4,976</u>
Totals	<u>\$ 7,411,462</u>	<u>\$ 319,356</u>	<u>\$ 5,203,452</u>	<u>\$ 2,527,366</u>	<u>\$ 348,398</u>
Business type activities					
Net pension liability	\$ 135,567	\$ -	\$ 133,637	\$ 1,930	\$ -
Total OPEB liability	<u>7,954</u>	<u>-</u>	<u>2,077</u>	<u>5,877</u>	<u>-</u>
Totals	<u>\$ 143,521</u>	<u>\$ -</u>	<u>\$ 135,714</u>	<u>\$ 7,807</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$55,737 for the year ended June 30, 2022. During the year ended June 30, 2022, the District made principal payments on total long-term debt of \$276,924.

Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond Issue of May 29, 2012			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
2023	2.65%	\$ 44,109	\$ 165,000	\$ 209,109
2024	2.65%	39,604	175,000	214,604
2025	2.65%	34,900	180,000	214,900
2026	2.80%	29,995	180,000	209,995
2027	2.80%	24,815	190,000	214,815
2028-2030	2.8-3.1%	<u>40,637</u>	<u>740,000</u>	<u>780,637</u>
Totals		<u>\$ 214,060</u>	<u>\$ 1,630,000</u>	<u>\$ 1,844,060</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,090,000 of bonds issued in May 2012. The bonds were issued for the purpose of financing a portion of the costs of a new school building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through

2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 35% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,844,060. For the current year, \$160,000 of principal and \$48,055 of interest was paid on the bonds and total statewide sales, services and use tax revenues were \$946,118.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- Bonds maturing after January 1, 2017, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.
- \$217,475 of the proceeds from the bonds issue have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects Fund.
- Proceeds from the statewide sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

The District complied with all the revenue bond provisions during the year ended June 30, 2022.

Equipment Purchase Agreements

On November 15, 2020, the District entered into an agreement for the purchase of two buses. The agreement has an imputed interest rate of 3.89% and requires three annual payments of \$46,036 beginning November 15, 2020 and one final payment of \$119,501 on November 15, 2023.

During the year ended June 30, 2022, the District entered an agreement for the purchase of computers. The agreement bears no interest and requires four annual payments of \$78,417 beginning July 10, 2021 with the final payment due July 10, 2024.

Details of the District's June 30, 2022 equipment purchase agreement indebtedness are as follows:

Year Ending June 30,	Bus Purchase Agreement				Year Ending June 30,	Computers Purchase Agreement			
	Interest Rates	Interest	Principal	Total		Interest Rates	Interest	Principal	Total
2023	3.89%	\$ 6,031	\$ 40,005	\$ 46,036	2023	0.00%	\$ -	\$ 78,417	\$ 78,417
2024	3.89%	4,475	115,026	119,501	2024	0.00%	-	78,418	78,418
2025	3.89%	-	-	-	2025	0.00%	-	78,418	78,418
Totals		<u>\$ 10,506</u>	<u>\$ 155,031</u>	<u>\$ 165,537</u>	Totals		<u>\$ -</u>	<u>\$ 235,253</u>	<u>\$ 235,253</u>

Year Ending June 30,	Total		
	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 6,031	\$ 118,422	\$ 124,453
2024	4,475	193,444	197,919
2025	<u>-</u>	<u>78,418</u>	<u>78,418</u>
Totals	<u>\$ 10,506</u>	<u>\$ 390,284</u>	<u>\$ 400,790</u>

During the year ended June 30, 2022, the District paid \$116,924 of principal and \$7,529 of interest on these agreements.

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees during a previous fiscal year. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. Each participating employee receives a benefit equal to 100% of their 2020-2021 teaching salary up to a maximum cash amount of \$60,000. The payment is made in four equal installments over four years beginning on or before October 1, 2020. The application for early retirement is subject to approval by the Board of Education.

At June 30, 2022, the District has obligations to four participants with a total liability of \$108,251. Actual early retirement expenditures for the year ended June 30, 2022 totaled \$60,000.

Note 7. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial Contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44 % of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2022 totaled \$573,616.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$100,538 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the District's proportion was 0.071715%, which was a decrease of 0.001406 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$839,951. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,495	\$ 76,806
Changes of assumptions	65,760	-
Net difference between projected and actual earnings on IPERS' investments	-	3,642,651
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	135,963
District contributions subsequent to the measurement date	584,854	-
Total	<u>\$ 727,109</u>	<u>\$ 3,855,420</u>

\$584,854 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2023	\$ (926,632)
2024	(924,097)
2025	(854,134)
2026	(1,008,428)
2027	126
Total	<u>\$ (3,713,165)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00 %, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% point higher (8.00%) than the current rate.

	<u>Decrease (6.00%)</u>	<u>Rate (7.00%)</u>	<u>Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$3,558,364	\$100,538	\$(2,797,340)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2022, the District reported payables to IPERS of \$104,082 for legally required District contributions and \$69,351 for legally required employee contributions withheld from employee wages.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by MFL MarMac District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>106</u>
Total	<u>108</u>

Total OPEB Liability - The District's total OPEB liability of \$306,100 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	2.75% per annum.
Rates of salary increase (effective June 30, 2022)	0% OPEB directly determined by service years, not salary
Discount rate (effective June 30, 2022)	2.37% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	6.0% per annum

Discount Rate - The discount rate used to measure the total OPEB liability was 2.37% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2019 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 302,491</u>
Changes for the year:	
Service cost	33,603
Interest	7,218
Differences between expected and actual experiences	-
Demographic changes	(16,751)
Changes in assumptions	(12,419)
Recognition of deferred inflows/outflows	(3,066)
Benefit payments	<u>(4,976)</u>
Net changes	<u>3,609</u>
Total OPEB liability end of year	<u>\$ 306,100</u>

Changes of assumptions reflect a change in the discount rate from 3.15% in fiscal year 2021 to 2.37% in fiscal year 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.37%) or 1% higher (3.37%) than the current discount rate.

	<u>1% Decrease (1.37%)</u>	<u>Discount Rate (2.37%)</u>	<u>1% Increase (3.37%)</u>
Total OPEB liability	\$340,735	\$306,100	\$275,157

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.0%) or 1% higher (7.0%) than the current healthcare cost trend rates.

	<u>1% Decrease (5.0%)</u>	<u>Healthcare Cost Trend Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Total OPEB liability	\$262,051	\$306,100	\$359,295

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$3,609. At June 30, 2022, the District reported no deferred inflows or outflows of resources related to OPEB.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$379,831 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2022, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Deficit Balances

The District had a \$342,706 negative unrestricted net position in the governmental activities at June 30, 2022.

Note 13. Categorical Funding

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

The following is a schedule of the categorical funding restricted in the General Fund at June 30, 2022.

<u>Program</u>	
Gifted and talented	\$ 12,158
Statewide voluntary preschool	15,907
Teacher salary supplement	28,625
State decategorization grant	6,196
Juvenile delinquency grant	7,500
Educator quality, professional development	<u>211,210</u>
	<u>\$ 281,596</u>

Note 14. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the Cities of McGregor, Monona and Luana offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of McGregor	Economic development projects	\$ 2,709
City of Monona	Economic development projects	61,201
City of Luana	Economic development projects	17,510

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2022, this reimbursement amounted to \$34,126.

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. At July 1, 2021, the District had no leases meeting the definition of GASBS No. 87; therefore, implementation of the new requirements had no effect on the beginning capital assets, liabilities or net position.

However, it was determined that there were equipment purchase agreements that had not been previously presented. The result of these changes affected beginning capital assets and long-term liabilities but had no effect on the beginning net position.

	Capital Assets	Long-term Liabilities Equipment Purchase Agreements
Balances June 30, 2021, as previously reported	\$5,757,106	\$ -
Changes to implement GASB Statement No. 87	<u>193,538</u>	<u>193,538</u>
Balances July 1, 2021, as restated	<u>\$5,950,644</u>	<u>\$ 193,538</u>

Note 16. Construction Commitment

The District entered into contracts totaling \$1,189,000 for building improvements. As of June 30, 2022, costs of \$661,900 had been incurred against the contracts. The balance of \$527,000 remaining at June 30, 2022 will be paid as work on the projects progresses.

Note 17. Subsequent Events

The District has evaluated subsequent events through February 12, 2023 which is the date that the financial statements were available to be issued.

Required Supplementary Information

MFL MARMAC COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 5,771,423	\$ 96,577	\$5,868,000	\$5,639,552	\$5,639,552	\$ 228,448
State sources	6,924,208	3,526	6,927,734	6,898,088	6,898,088	29,646
Federal sources	1,057,802	658,607	1,716,409	523,000	523,000	1,193,409
Total revenues	13,753,433	758,710	14,512,143	13,060,640	13,060,640	1,451,503
Expenditures/Expenses						
Instruction	7,646,798	9,248	7,656,046	7,435,000	7,885,000	228,954
Support services	3,495,110	2,773	3,497,883	3,549,000	3,949,000	451,117
Non-instructional programs	-	455,161	455,161	550,000	725,000	269,839
Other expenditures	1,939,254	-	1,939,254	1,307,224	2,207,224	267,970
Total expenditures/expenses	13,081,162	467,182	13,548,344	12,841,224	14,766,224	1,217,880
Excess (deficiency) of revenues over (under) expenditures/expenses	672,271	291,528	963,799	219,416	(1,705,584)	2,669,383
Net other financing sources (uses)	21,899	-	21,899	44,500	44,500	(22,601)
Change in fund balance	694,170	291,528	985,698	263,916	(1,661,084)	2,646,782
Balance, beginning of year	6,653,237	196,185	6,849,422	5,430,966	5,430,966	1,418,456
Balance, end of year	\$ 7,347,407	\$ 487,713	\$7,835,120	\$5,694,882	\$3,769,882	\$ 4,065,238

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2022

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District amended its budget one time during the year ended June 30, 2022, increasing total budgeted expenditures by \$1,925,000.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Eight Years*
Required Supplementary Information

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.071715%	0.073121%	0.074074%	0.074710%	0.075078%	0.076671%	0.079383%	0.082993%
District's proportionate share of the net pension liability	\$ 100,538	\$ 5,100,703	\$ 4,318,209	\$ 4,726,361	\$ 4,957,489	\$ 4,781,409	\$ 3,946,475	\$ 3,291,403
District's covered payroll	\$ 5,819,122	\$ 5,762,524	\$ 5,675,212	\$ 5,613,431	\$ 5,548,177	\$ 5,460,290	\$ 5,472,531	\$ 5,430,672
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.52%	76.09%	84.20%	89.35%	87.57%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 573,616	\$ 549,457	\$ 543,982	\$ 535,740	\$ 501,279	\$ 495,452	\$ 487,604	\$ 488,697	\$ 484,959	\$ 452,509
Contributions in relation to the statutorily required contribution	<u>(573,616)</u>	<u>(549,457)</u>	<u>(543,982)</u>	<u>(535,740)</u>	<u>(501,279)</u>	<u>(495,452)</u>	<u>(487,604)</u>	<u>(488,697)</u>	<u>(484,959)</u>	<u>(452,509)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$6,076,445	\$5,819,122	\$5,762,524	\$5,675,212	\$5,613,431	\$5,548,177	\$5,460,290	\$5,472,531	\$5,430,672	\$5,219,250
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Pension Liability
For the Year Ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

MFL MarMac Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Five Years
Required Supplementary Information

	2022	2021	2020	2019	2018
Service cost	\$ 33,603	\$ 22,619	\$ 22,628	\$ 15,339	\$ 15,249
Interest cost	7,218	9,608	9,128	9,738	10,348
Difference between expected and actual experiences	-	-	12,144	-	-
Demographic changes	(16,751)	-	-	-	-
Changes in assumptions	(12,419)	-	13,704	-	-
Recognition of deferred inflows/outflows	(3,066)	(6,066)	(7,197)	(17,986)	(19,337)
Benefit payments	(4,976)	(10,402)	(7,928)	(23,313)	(22,472)
Net change in total OPEB liability	3,609	15,759	42,479	(16,222)	(16,212)
Total OPEB liability beginning of year	302,491	286,732	244,253	260,475	276,687
Total OPEB liability end of year	<u>\$ 306,100</u>	<u>\$ 302,491</u>	<u>\$ 286,732</u>	<u>\$ 244,253</u>	<u>\$ 260,475</u>
Covered-employee payroll	\$ 6,240,248	\$ 5,945,117	\$ 5,758,422	\$ 5,686,767	\$ 5,664,704
Total OPEB liability as a percentage of covered-employee payroll	4.91%	5.09%	4.98%	4.30%	4.60%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022.

Changed mortality assumptions to the RP 2014 annuity mortality table.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2022	2.37%
Year ended June 30, 2021	3.15%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying Independent Auditor's Report.

Supplementary Information

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

Schedule 1

	<u>Special Revenue</u>		
	<u>Student</u>	<u>Debt</u>	<u>Total</u>
	<u>Activity</u>	<u>Service</u>	
Assets			
Cash, cash equivalents and pooled investments	\$ 248,607	\$ 188,061	\$ 436,668
Receivables			
Accounts receivable	<u>1,031</u>	<u>-</u>	<u>1,031</u>
Total assets	<u>\$ 249,638</u>	<u>\$ 188,061</u>	<u>\$ 437,699</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	<u>\$ 2,646</u>	<u>\$ -</u>	<u>\$ 2,646</u>
 Fund balances			
Restricted for			
Student activities	246,992	-	246,992
Debt service	<u>-</u>	<u>188,061</u>	<u>188,061</u>
Total fund balances	<u>246,992</u>	<u>188,061</u>	<u>435,053</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 249,638</u>	<u>\$ 188,061</u>	<u>\$ 437,699</u>

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

Schedule 2

	<u>Special Revenue</u>		
	<u>Student Activity</u>	<u>Debt Service</u>	<u>Total</u>
Revenues			
Local sources			
Other	<u>\$ 379,480</u>	<u>\$ -</u>	<u>\$ 379,480</u>
Expenditures			
Current			
Instruction			
Other	<u>355,244</u>	<u>-</u>	<u>355,244</u>
Other expenditures			
Long-term debt			
Principal	-	160,000	160,000
Interest and fiscal charges	<u>-</u>	<u>55,674</u>	<u>55,674</u>
Total other expenditures	<u>-</u>	<u>215,674</u>	<u>215,674</u>
Total expenditures	<u>355,244</u>	<u>215,674</u>	<u>570,918</u>
Excess (deficiency) of revenues over (under) expenditures	24,236	(215,674)	(191,438)
Other financing sources			
Interfund operating transfers in	<u>-</u>	<u>218,827</u>	<u>218,827</u>
Change in fund balances	24,236	3,153	27,389
Fund balances, beginning of year	<u>222,756</u>	<u>184,908</u>	<u>407,664</u>
Fund balances, end of year	<u>\$ 246,992</u>	<u>\$ 188,061</u>	<u>\$ 435,053</u>

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year ended June 30, 2022

Schedule 3

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
Choir	\$ 9,076	\$ 26,658	\$ 11,259	(225)	\$ 24,250
Middle school drama	3,312	1,794	1,814	-	3,292
Band	6,504	5,655	3,445	225	8,939
Girls basketball	-	4,793	2,698	(2,095)	-
General athletics	-	29,518	30,103	585	-
MS athletic fundraising	-	484	5,931	5,447	-
MS basketball	458	980	1,040	-	398
K-12 basketball club	24,741	24,775	17,940	290	31,866
MS track activities	162	100	-	-	262
MS cross country club	65	-	-	-	65
Cross country	-	642	1,644	1,002	-
Cross country activities	1,677	2,361	3,106	-	932
Golf	-	544	5,317	4,773	-
Golf activities	464	-	-	-	464
Bulldog basketball club activities	1,956	-	-	-	1,956
Boys basketball	-	3,585	5,364	1,779	-
Football	-	8,668	5,859	(2,809)	-
Football activities	5,100	5,190	7,256	484	3,518
Youth football club	2,346	5,691	3,000	-	5,037
Baseball	-	3,511	7,646	4,135	-
Baseball activities	650	8,838	4,667	(810)	4,011
Wrestling	-	9,284	10,258	974	-
Wrestling club	5,955	1,452	7,939	532	-
Youth wrestling	7,235	28,034	30,720	(60)	4,489
Volleyball	-	2,520	2,438	(82)	-
Volleyball activities	469	-	180	-	289
Softball	-	2,468	3,501	1,033	-
Softball activities	3,326	5,134	4,110	-	4,350
Girls track activities	906	1,855	707	-	2,054
Cheerleaders	134	1,555	1,410	-	279
Speech & drama activities	1,171	3,299	1,890	-	2,580
Middle school student council	1,262	2,539	1,112	-	2,689
NHS	187	3,929	3,724	-	392
FFA	19,620	33,751	32,424	486	21,433
High school student council	4,913	3,223	3,110	-	5,026
Dance team	2,288	5,411	2,829	(200)	4,670

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year ended June 30, 2022

Schedule 3

<u>Account (continued)</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
Middle school hype	\$ 112	\$ -	\$ -	\$ -	\$ 112
Legacy	-	23,679	16,656	(3,886)	3,137
Middle school peer helpers	35	-	-	-	35
Class of 2013	742	-	-	-	742
Class of 2014	1,321	-	-	-	1,321
Class of 2015	2,434	-	-	2,226	4,660
Class of 2016	3,592	-	-	-	3,592
Class of 2017	789	-	-	-	789
Class of 2018	1,132	-	-	-	1,132
Class of 2019	1,566	-	-	-	1,566
Class of 2020	612	-	-	-	612
Class of 2021	772	-	666	-	106
Class of 2022	5,045	6	2,166	-	2,885
Class of 2023	3,180	24,452	16,512	68	11,188
Class of 2024	6,119	-	178	-	5,941
Class of 2025	573	-	67	-	506
Class of 2026	3,135	-	3,135	-	-
Music resale	146	35	181	-	-
HS soda	211	67	124	-	154
District speech club	1,362	-	1,362	-	-
Yearbook	4,625	3,118	3,290	-	4,453
Student activity tickets	-	14,280	-	(14,280)	-
Elementary fund raising	16,264	3,481	3,933	-	15,812
MS fund raising	10,412	2,165	4,916	-	7,661
HS fund raising	597	15,803	15,362	-	1,038
MS class trips	11,334	3,009	12,952	-	1,391
Electrathon team/Science Club	229	-	-	-	229
FFA savings	21,428	2,086	-	-	23,514
Trap shooting	10,516	28,504	26,567	-	12,453
HS musical	5,081	2,612	4,731	-	2,962
Boys track	-	882	1,492	610	-
Boys track activities	638	67	-	-	705
Clearing acct interest	-	202	-	(202)	-
Safety equipment	803	16,791	16,513	-	1,081
Cash on hand	3,974	-	-	-	3,974
Totals	<u>\$ 222,756</u>	<u>\$ 379,480</u>	<u>\$ 355,244</u>	<u>\$ -</u>	<u>\$ 246,992</u>

See accompanying Independent Auditor's Report.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues										
Local sources										
Local tax	\$ 4,707,302	\$ 4,693,439	\$ 4,393,327	\$ 4,460,033	\$ 4,424,225	\$ 4,067,516	\$ 3,848,873	\$ 3,842,929	\$ 3,558,617	\$ 4,157,971
Tuition	490,176	410,933	305,031	399,757	312,518	173,710	239,643	151,621	163,087	175,435
Other	573,945	513,972	532,184	548,207	443,006	435,609	463,276	460,221	473,252	459,083
State sources	6,924,208	6,406,384	6,202,570	5,817,220	5,802,051	5,842,915	5,675,377	5,447,212	5,408,736	4,593,538
Federal sources	1,057,802	561,883	293,614	318,838	267,838	390,960	336,589	262,868	278,877	279,889
Total revenues	<u>\$13,753,433</u>	<u>\$12,586,611</u>	<u>\$11,726,726</u>	<u>\$11,544,055</u>	<u>\$11,249,638</u>	<u>\$10,910,710</u>	<u>\$ 10,563,758</u>	<u>\$10,164,851</u>	<u>\$ 9,882,569</u>	<u>\$ 9,665,916</u>
Expenditures										
Current										
Instruction										
Regular	\$ 4,421,455	\$ 4,343,907	\$ 3,919,714	\$ 3,847,394	\$ 3,969,869	\$ 3,783,213	\$ 3,922,469	\$ 3,668,602	\$ 3,843,816	\$ 3,466,575
Special	1,504,257	1,415,835	1,261,588	1,231,636	1,172,844	958,873	901,336	1,086,495	983,242	938,303
Other	1,721,086	1,597,587	1,598,806	1,562,274	1,568,737	1,623,037	1,585,969	1,527,430	1,502,405	1,536,969
Support services										
Student	120,432	126,759	160,772	122,744	119,493	138,496	176,160	216,668	169,013	137,452
Instructional staff	129,727	141,127	136,785	148,123	126,326	93,488	96,697	95,898	105,820	80,068
Administration	1,705,375	1,616,372	1,450,472	1,450,437	1,500,811	1,230,757	1,115,862	1,072,002	1,115,579	1,068,257
Operation and maintenance of plant	946,843	929,929	873,184	869,123	814,057	756,103	796,434	821,601	829,241	776,864
Transportation	592,733	570,189	650,625	585,310	524,029	426,350	544,737	590,084	566,068	527,530
Other expenditures										
Facilities acquisition	1,343,749	616,859	670,622	549,433	652,710	633,583	850,149	574,080	898,006	2,217,754
Long-term debt										
Principal	160,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	201,832	51,370
Interest and other charge	55,674	71,118	54,978	58,490	60,553	62,240	62,490	64,740	66,672	39,419
AEA flowthrough	379,831	358,639	349,311	334,166	335,498	326,727	331,715	332,645	328,996	318,441
Total expenditures	<u>\$13,081,162</u>	<u>\$11,938,321</u>	<u>\$11,276,857</u>	<u>\$10,909,130</u>	<u>\$10,994,927</u>	<u>\$10,182,867</u>	<u>\$ 10,534,018</u>	<u>\$10,200,245</u>	<u>\$10,610,690</u>	<u>\$11,159,002</u>

See accompanying Independent Auditor's Report.

MFL MarMac Community School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Schedule 5

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
Indirect			
U.S. Department of Agriculture			
Passed through Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY22	\$ 95,312
National School Lunch Program	10.555	FY22	505,431 *
COVID-19 - Summer Food Service Program for Children	10.559	FY22	57,250
Total Child Nutrition Cluster			657,993
COVID 19- EBT Administrative Costs	10.649	FY22	614
Total U.S. Department of Agriculture			658,607
U.S. Department of Education			
Passed through Iowa Department of Education			
Title I Grants to Local Education Agencies	84.010	FY22	106,932
Title I carryover	84.010	FY21	4,654
Total Title I			111,586
Special Education Grants to States	84.027	FY22	1,361
Supporting Effective Instruction State Grants (Title IIA)	84.367	FY22	26,660
Student Support and Academic Enrichment Program (Title IV-A)	84.424	FY22	10,000
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster			
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Funds	84.425D	FY22	247,165
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER III) Funds - Learning Loss	84.425U	FY22	6,210
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER III) Funds	84.425U	FY22	410,904
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER III) Funds - Teacher Retention Bonus	84.425U	FY22	61,361
Total Education Stabilization Fund Under CARES Cluster			725,640
Total Iowa Department of Education			875,247
Passed through Keystone Area Education Agency			
Special Education Grants to States	84.027	FY22	35,281
Career and Technical Education - Tech-Prep Education	84.048	FY22	12,407
Total passed through Keystone Area Education Agency			47,688
Total U.S. Department of Education			922,935
Total federal expenditures			\$ 1,581,542

* includes \$57,118 of non-cash awards

See accompanying Independent Auditor's Report.

MFL MarMac Community School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Schedule 5

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of MFL MarMac Community School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MFL MarMac Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of MFL MarMac Community School District.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - MFL MarMac Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - There were no awards passed through to subrecipients by MFL MarMac Community School District.

See accompanying Independent Auditor's Report.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of MFL MarMac Community School District:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of MFL MarMac Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered MFL MarMac Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MFL MarMac Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of MFL MarMac Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in Part II of the

accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MFL MarMac Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

MFL MarMac Community School District's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedure on MFL MarMac Community School District's responses to the findings identified in my audit and described in the accompanying Schedule of Findings and Questioned Costs. MFL MarMac Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of MFL MarMac Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Kay L. Chapman, CPA PC
February 12, 2023

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Education of MFL MarMac Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited MFL MarMac Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of MFL MarMac Community School District's major federal programs for the year ended June 30, 2022. MFL MarMac Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In my opinion, MFL MarMac Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of MFL MarMac Community School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of MFL MarMac Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to MFL MarMac Community School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MFL MarMac Community School District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about MFL MarMac Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MFL MarMac Community School District's compliance with the compliance requirements referred to above and performing other such procedures as I considered necessary in the circumstances.
- Obtain an understanding of MFL MarMac Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MFL MarMac Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance I identified during the audit.

Report on Internal Control over Compliance

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that was not identified. However, as discussed below, I did identify a certain deficiency in internal control over compliance that I consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003 to be a material weakness.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on MFL MarMac Community School District's response to the internal control over compliance finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. MFL MarMac Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kay L. Chapman, CPA PC

February 12, 2023

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?
- Noncompliance material to financial statements noted?

<u> X </u> Yes	<u> </u> No
<u> </u> Yes	<u> X </u> None reported
<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

<u> X </u> Yes	<u> </u> No
<u> </u> Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

<u> X </u> Yes	<u> </u> No
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Identification of major program(s):

FAL Number Name of Federal Program or Cluster

Child Nutrition Cluster

10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program - Noncash Commodities
10.559	COVID-19 Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

<u> </u> Yes	<u> X </u> No
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MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

MATERIAL WEAKNESS

2022-001 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition - I noted that the same individual performed the following duties: recording and processing of cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information.

Cause - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Effect - Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2021-001.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional controls through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Views of Responsible Officials and Planned Corrective Actions - We will review our procedures and implement changes to improve internal control, as we deem necessary.

MATERIAL WEAKNESS

2022-002 Material Misstatement Not Detected

Criteria - A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition - During the course of my audit, I discovered material misstatements on the District's Certified Annual Report (CAR) that were not detected by the District's internal controls. The District paid for ESSER expenditures out of the Physical Plant and Equipment Levy Fund instead of the General Fund and did not correct this before filing the CAR with the State of Iowa. The District reversed an accrual from fiscal year ended June 30, 2021 twice and did not accrued the retainage payable at June 30, 2022 in the Statewide Sales, Services and Use Tax Fund. These errors resulted in the following misstatements on the District's FY22 CAR filed with the State of Iowa.

- General Fund assets overstated and liabilities understated by \$25,306
- Statewide Sales, Services and Use Tax Fund assets understated by \$66,358, liabilities understated by \$33,095, fund balance understated by \$33,263 revenue understated by \$66,357 and expenditures understated by \$33,094
- Physical Plant and Equipment Levy Fund assets and liabilities understated by \$13,651 and revenues and expenditures overstated by \$25,306

Cause - District policies do not require and procedures have not been established to require independent review of year-end adjusting entries and cut-off transactions to ensure the District's financial statements and CAR are accurate and reliable.

Effect - Lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the District's CAR were necessary.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2021-002.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Recommendation - The District should implement procedures to ensure that all liabilities are identified and included in the District's CAR.

Views of Responsible Officials and Planned Corrective Actions - We will double-check these in the future to avoid missing any material amounts.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

FAL Number 10.553: School Breakfast Program

FAL Number 10.555: National School Lunch Program

FAL Number 10.555: National School Lunch Program – Noncash Commodities

FAL Number 10.559: COVID-19 Summer Food Service Program for Children

Pass-through Entity Identifying Number: N/A

Federal Award Year: 2022

Prior Year Finding Number: 2021-001

U.S. Department of Agriculture

Passed through the Iowa Department of Education

MATERIAL WEAKNESSES

2022-003 Segregation of Duties

The District did not properly segregated custody, record-keeping and reconciling functions for revenues and expenditures, including those related to federal programs. See 2021-001.

Part IV. Other Findings Related to Required Statutory Reporting

1. Certified Budget - Expenditures for the year ended June 30, 2022 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures were noted that I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
 - Maximum authorized depository amount was not included in the Board minutes.
 - Closed sessions - I noted that when the Board enters into a closed session, the

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

minutes do not always indicate a reference to the Code of Iowa chapter under which the closed session is allowed or indicate that a roll call vote was taken before entering into the closed session.

Recommendation - Chapter 12C.2 of the Code of Iowa states that minutes shall include the name of each depository approved and specify the maximum amount that may be kept on deposit in each depository. The District should include the maximum amount for each authorized depository in the minutes. Chapter 21.5 of the Code of Iowa requires that a reference to the Code section allowing the closed session be included in the minutes and that a roll call vote be taken before entering a closed session and indicated in the minutes.

Response - These were inadvertent oversights this year and will be corrected in the future. We will ensure that the minutes comply with all applicable chapters of the Code of Iowa.

Conclusion - Response accepted.

3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
8. Certified Enrollment - A variance in the basic enrollment data certified to the Iowa Department of Education was noted. The resident students reported to the Iowa Department of Education was overstated by 1 student who was not enrolled in the District and was inadvertently included in the student count reported.

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this issue.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Response - We have contacted the Iowa Department of Education and the Iowa Department of Management, as recommended.

Conclusion - Response accepted.

9. Supplementary Weighting - Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted. Weighted enrollment was overstated by .981 due to the District including concurrent classes that were not allowable for supplementary weighting.

Recommendation - The District should contact the Iowa Department of Management and the Iowa Department of Education to resolve this issue.

Response - We have contacted the Iowa Department of Management and the Iowa Department of Education, as recommended.

Conclusion - Response accepted.

10. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
11. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
12. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
13. Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Beginning balance		\$ 1,716,863
Revenues		
Statewide sales, services and use tax	\$ 946,118	
Interest earned	<u>755</u>	946,873
Expenditures/transfers out		
School infrastructure		
Building improvements	\$ 1,167,189	
Equipment	329,062	
Transfers to other fund		
Debt Service fund	<u>218,827</u>	<u>1,715,078</u>
Ending balance		<u>\$ 948,658</u>

For the year ended June 30, 2022, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

14. Deficit Net Position - The District's governmental activities had a negative unrestricted net position of \$342,706 at June 30, 2022.

Recommendation - The District should continue to monitor these activities and fund and investigate alternatives to eliminate these deficits in order to return the activities and fund to a sound financial condition.

Response - These deficits were a result of adopting GASB Statement No. 68 during the year ended June 30, 2016. We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

MFL MARMAC COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2022

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant